

NEWS RELEASE

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FOR IMMEDIATE RELEASE

SCAM ALERT

Goddard warns of fake loan scam

(Phoenix, AZ-November 4, 2003) Arizona Attorney General Terry Goddard is warning Arizona residents to beware of fraudulent loan advertisements using official financial institution logos.

Advertisements appear in smaller-market and community newspapers and offer mortgage, small business, debt consolidation or other loans. The scam uses the credibility of the financial institution's logo to induce consumers to apply. To respond to the advertisement, victims call a "third-party consultant" who solicits application information including social security numbers. During this telephone call, the "loan" is always approved.

This third-party consultant then faxes a loan package to the victim. The package includes a request for bank account information. Next, victims wire a required advance payment or a deposit through Western Union to the third-party consultant. The unsuspecting consumer never obtains a loan, but is deceived by the telephone loan approval into sending advance payments or deposits. The consultants disappear and the victims lose their money.

Of additional concern to the Attorney General, the loan package often requests copies of victims' drivers' licenses and Social Security cards. This leaves victims open to identity theft in addition to losing their money.

"Never respond to any request to wire funds or send identification information unless you are dealing with your own bank representative. Always err on the side of caution," said Goddard.

Victims should contact the Attorney General's Office at (602) 542-5763 within Maricopa County or (800) 352-8431 in other areas, the Federal Trade Commission or the credit bureaus.